

BESHEAR PROPOSAL FOR LIMITED EXPANDED GAMING

GAMING COMMISSION

Commission Membership: This bill creates a seven-member Commission appointed by the Governor. Membership is for a 4-year term, with initial membership staggered for shorter terms of years. There will be one member from each Congressional district and one member to serve at large. They will receive the same compensation as the Lottery Board. The Commission will be subject to the Executive Branch Ethics Law.

Commission Operations: The Gaming Commission office will be located in Frankfort, with one or more branch offices. All records will be subject to open records law, except records that would compromise the security of the Commission. All Commission meetings will be subject to the open meetings law. The Commission is to have no ex parte contacts. Commissioners must report any that happen and shall be recused from related decisions.

Executive Director: The Commission will appoint an Executive Director to serve as secretary to the Commission and maintain records and perform duties as assigned by Commission. The Commission will issue licenses, receive and disburse funds, promulgate regulations on application process and fiscal controls, duties of operators, etc.

LICENSES

Categories of licenses include:

- Occupational licenses for personnel employed at the casinos.
- Supplier's licenses for those who provide the gaming equipment and supplies
- Seven (7) racing association licenses available to the following racing venues:
 - Churchill Downs,
 - Keeneland and the Red Mile,
 - Turfway,
 - Ellis Park,
 - Kentucky Downs,
 - Bluegrass Downs, and
 - Thunder Ridge.
- Five (5) free-standing casino licenses available in Daviess, Kenton or Campbell, Boyd or Greenup, and Christian, and Laurel or Whitley Counties. Following preliminary Commission approval, placement of casinos is to be subject to a vote of the residents of the jurisdiction.

FEES

Categories of fees include:

- Casino license application fee \$50,000
- Initial freestanding casino license fees are to be part of the competitive application process established in the sections pertaining to licensure
- Initial license fees for racing associations shall be as follows:
 - Churchill \$100 million
 - Turfway Park \$75 million
 - Keeneland and Red Mile \$100 million
 - Kentucky Downs \$75 million
 - Ellis Park \$50 million
 - Bluegrass Downs \$50 million
 - Thunder Ridge \$50 million
- Casino or racing association license renewal fees are to be set by administrative regulation and are to be sufficient to cover cost of review of applications.
- Supplier, license application fee \$5,000
- Supplier license fee \$5,000
- Supplier license renewal fee \$5,000
- Occupational license and renewal fees \$50

All fees are nonrefundable, except that the Commission may refund an initial license fee when a license was not issued.

GAMING TAX

Gaming Tax:

- A gaming tax of 25% of adjusted gross receipts (which is defined as all receipts minus the amount paid out in prizes or winnings) will be assessed for gaming licensees in the first 5 years after initial licensure;
- A gaming tax of 35% of adjusted gross receipts from gaming licensees after five years.
- A wagering tax of 15.65% of adjusted gross receipts received by a free-standing casino will be assessed
 - Difference in rates is due to the fact that under the Act, racing associations are required to distribute 15.65% of their adjusted gross receipts for support of purses and the equine breed panel.

ACCOUNTS

Gaming tax proceeds will be distributed in the following way:

- The Commission will retain up to \$5 million for operations.
- A program on compulsive gambling will receive up to \$2 million per fiscal year.
- A series of accounts for disbursement of tax revenue will be established :
 - 50% to education, including early childhood, primary and secondary and post-secondary
 - 20% to health care, for those including the indigent, seniors and children
 - 3% to host jurisdictions,
 - 5% each to support cities and counties, and
 - 17% divided among:
 - veterans' programs,
 - tourism,
 - fish and wildlife,
 - environmental protection,
 - agriculture, livestock research, and agricultural easements,
 - substance abuse and
 - economic development in non-host communities.

Separate accounts will be established for support of racing and to further the various breeds of horses found in Kentucky. These will be funded directly out of payments from adjusted gross receipts of racing associations separate from the gaming tax.

EQUINE BREED AUTHORITY

The bill creates a 9-member Equine Breed Authority, funded by 1% of adjusted gaming receipts from Racing Association licenses.

- Authority will promote and improve horse activities in Kentucky other than thoroughbred and standardbred horses, and to allocate funds received from racing associations set out above.
- Allocation will be 50% to equine programs and projects and 50% to support and promote breeds other than thoroughbreds and standardbred horses.

MISCELLANEOUS PROVISIONS

Appeals: Those who object to decisions of the Commission on licenses and discipline may appeal and have a hearing before a hearing officer. Appeals are to Franklin Circuit Court.

Additional Sections: Additional sections address local zoning law application, exclusion of problem gamblers and those based on criminal records and reputations, non-access for minors to gaming facilities, transportation of gaming devices in accordance with federal law, cheating, application of criminal law, the creation of a compulsive gamblers program in the Department for Mental Health and Mental Retardation Services, and certification of Commission employees as peace officers.